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Congress of the United States
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WORKING GROUP

CO-CHAIR

October 10, 2003

The Honorable Bill Frist
461 Dirksen Senate Office Building
Washington, DC 20515

Dear Senator Frist:

Over the past several months, I have held forums in my district and met with seniors to discuss the many issues Congress is addressing in H.R. 1 and S. 1. While adding a prescription drug benefit to Medicare is a major focus of this legislation, both bills make substantial changes to the Medicare program, including imposing additional costs on beneficiaries for current Medicare services. As you work to reconcile the differences between the House and Senate-passed bills, I want to share with you the concerns that have been voiced to me by seniors in Connecticut.

First, there is concern that both bills are designed to force seniors and people with disabilities who rely on Medicare into HMOs and other private insurance plans. Both bills would increase the cost of traditional Medicare, making the traditional program too expensive for many people. Both dramatically increase the Part B deductible, the House starting immediately and the Senate in 2006. The House bill would make traditional Medicare even more expensive starting in 2010, when the program would have to compete against private plans. Both bills also add co-payments for services for which Medicare currently charges no co-payment.

Additionally, both bills require HMOs and private plans to offer benefits like catastrophic coverage and coordinated care for chronic conditions that will not be available in traditional Medicare. These benefits are crucial for all beneficiaries and should be added to the traditional program as well.

Both bills also increase the reimbursement for HMOs and private plans so that these plans will receive even more funding than traditional Medicare. HMOs are already paid more than Medicare pays on behalf of people in the traditional program. The majority of beneficiaries who prefer the traditional program need assurance that traditional Medicare will be adequately funded.

Concerns have also been raised that both bills increase the bureaucracy and complexity of Medicare by creating a second government agency to share in the running of the Medicare

program. This could result in duplication of effort and the need for coordination of activities, and possibly cause confusion for beneficiaries who seek assistance.

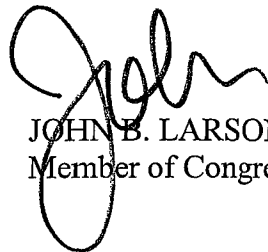
The seniors I have talked with are also concerned about choice. Once a beneficiary makes a choice of a plan, the beneficiary will be stuck with the plan. Currently, beneficiaries may enroll in or disenroll from an HMO or other private plan at any time. Both bills will limit the ability of beneficiaries who realize an HMO is not meeting their health care needs to change plans in order to get the required health services. Under the House bill, beneficiaries could only change plans during the annual enrollment period in the fall. The Senate bill phases in this "lock-in" a little more slowly, allowing one change early in the year during the first two years the law is in effect.

Although Congress wants to promote "choices" by beneficiaries, the House bill would allow Medicare to provide less of the information beneficiaries need to make those choices. Currently, Medicare mails to all beneficiaries, in the *Medicare & You Handbook* sent out in the fall before the annual coordinated enrollment period, information about any HMOs or other plans in their community. The House bill says that Medicare will only have to mail the information required by law "if it is available." Thus, an HMO that plans to increase its co-payments or otherwise changes its benefits may decide not to make that information available until after the *Handbook* is mailed, meaning that beneficiaries will not know about the changes when they decide which, if any, plan is best for them.

Finally, some seniors are concerned that both bills may weaken beneficiary rights. Changes made by these bills to the traditional Medicare appeals process will weaken the ability of beneficiaries to present all of the evidence on their behalf and to be assured of an impartial hearing by an independent administrative law judge.

These and other changes to the Medicare program made by this legislation will have a major impact on seniors and people with disabilities. If we truly want to improve Medicare and protect this important program, we should develop modifications that truly reflect the needs of the people who rely on it. I ask that you, as a conferee, consider the impact these changes will have as you work to create a final bill. A prescription drug benefit is long overdue, but should not come at the expense of other vital services that Medicare offers to Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "John B. Larson". The signature is stylized with a large, looping "J" and a cursive "B".

JOHN B. LARSON
Member of Congress